

Provision will end unfair geographic disparities, change Medicare to a quality-based reimbursement system. Washington, DC – Rep. Bruce Braley, Sen. Tom Harkin, Rep. Leonard Boswell and Rep. Dave Loebsack announced a major breakthrough today on the issue of Medicare payment reform in the final health care reform bill. Braley, Harkin, Boswell and Loebsack have been outspoken advocates for changing the way Medicare pays health care providers for services, from its current fee-for-service system into a quality and value-based system.

Braley, Harkin, Boswell and Loebsack helped negotiate a compromise adding language to the health care reform bill that provides an immediate \$800 million to address geographic disparities for both doctors and hospitals, as well as written guarantees from Health and Human Services Secretary Kathleen Sebelius for further action to reform Medicare reimbursement rates that do not qualify for reconciliation under the Byrd Rule. The Senate bill previously only provided a Medicare reimbursement fix for doctors.

The House reconciliation package maintained automatic implementation of a value index as part of the reimbursement structures for doctors, beginning in 2015. This language was secured in the Senate bill with the help of Harkin and is based on Braley's Medicare Payment Improvement Act, introduced in June 2009. Under the fixes secured in the Senate bill and House reconciliation package, Iowa doctors will see five percent increases in current Medicare reimbursement rates in both 2010 and 2011.

"This compromise represents a major breakthrough in health care reform that will finally reward Iowa's medical providers for the high-quality care they've been providing Iowa's families for years," Braley said. "After negotiating directly with Speaker Nancy Pelosi and representatives from the White House late Friday into the early hours of Saturday morning, I'm proud to say the health care bill will finally fix these inequities, move us to a better reimbursement model that emphasizes quality over quantity, and help recruit well-qualified health-care providers to Iowa - all because of changes I championed."

"Iowans can rest assured knowing they have the highest quality of care from our doctors and hospitals. But for many providers, this quality of care comes at a lower Medicare reimbursement than other larger states than say, California. This is unfair for our providers, and subsequently, Iowa seniors," Harkin said. "With this fix, Iowa providers will be on more equal footing and therefore, able to serve more needy seniors. It's a win-win for our state."

"This is a big win for Iowans as our state's hospitals and providers have shouldered the burden of unfair Medicare reimbursements for the high quality care they provide for too long," Boswell said. "The House reform bill will start the process to begin paying doctors and hospitals more fairly by increasing their base pay in the Medicare payment system. By ensuring fair payments for our providers we will improve access for our health care consumers. This is just one reason why I am supporting reform for our health care system, and continued progress in creating a more efficient and value based system for Iowans."

"This agreement proves that coalition building and hard work are the key to effecting change. I am hopeful that this agreement will be the crucial first step towards cost-control for the nation,

and I look forward to seeing Iowa doctors, hospitals, nurses, and health care professionals lead the charge," Loeb sack said. "By shifting our nation's health care system to one in which patients receive quality care, and health care providers are rewarded for making patients healthy as opposed to ordering unnecessary test after test, we move America towards the fiscal responsibility and efficiency that makes Iowa a model for fundamental reform."

Medicare currently operates under a fee-for-service system, basing payments to doctors and hospitals on the amount of procedures completed and the number of patients seen. This system creates a financial incentive to order more and more procedures. Ironically, according to many studies, this increased number of procedures does not result in better outcomes for patients.

~*~*~ The letter from Sebelius promises the following steps to improve Medicare reimbursement rates for Iowa's medical providers:

~*~*~ Institute of Medicine (IOM) study to reform the Medicare system to address all geographic disparities for doctors and hospitals and implementation of IOM recommendations by December 2012.

~*~*~ IOM study based on Braley's house-passed language making firm recommendations to move toward high quality, low cost care across the health care sector and implementation of the recommendations, as part of the new Independent Payment Advisory Board, by 2014.

~*~*~ Additional direction to the new Center for Medicare and Medicaid Innovation to further test innovative models to incent high quality, low cost care across the provider spectrum.

~*~*~ A personal commitment from Sebelius to convene a National Summit on Geographic Variation, Cost, Access and Value in Health Care later this year.

Braley, Boswell and Loeb sack were all members of the Congressional Quality Care Coalition that negotiated for fair reimbursements throughout the legislative process. The text of the new legislative language and the letter from Sebelius are attached.

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